



Enterprise Solutions Group ~ An Implementation Update



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Secretary of Technology

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Agenda for Discussion

I. Re-Visiting the Efficiency Imperative

II. Launching the Enterprise Solutions Group

III. Coda



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Re-Visiting the Efficiency Imperative

Focused Strategy to Spur Government Productivity Growth

Our Purpose

Elevating Performance



- Enable agency initiatives to lower costs



- Increase competency of state leaders to manage improvement projects



- Identify cross-agency initiatives that could reduce costs and improve constituent access

Our Approach

Enterprise Solutions Group

Mission

- Simplify government

Staff

- 2-3 Professionals
- 20-50 high-performing agency “Fellows” dedicating **15-20%** to ESG initiatives

Goals

- Reduce constituent transaction time
- Lower government operating costs
- Advance Governor’s key agency performance objectives

COVF Funding in Brief

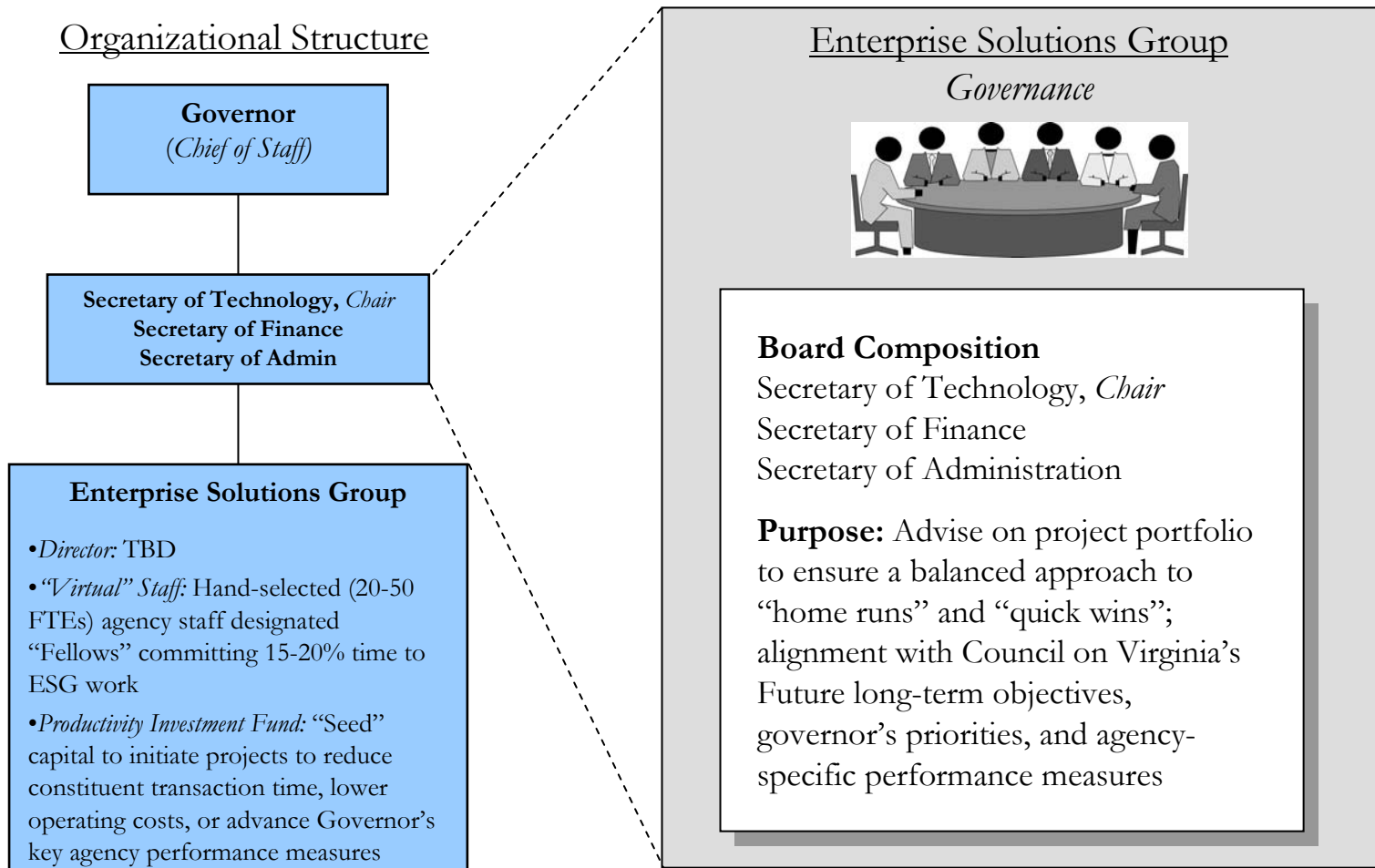
In FY 2007-8, Governor and GA directed **\$4.25M** towards three priorities – **enterprise re-engineering**, **agency re-engineering**, and **results teams**; goal to surface cost savings projects and begin to shift operating culture towards continuous performance improvement



Governance

Assembling the Commonwealth's Performance Improvement Leaders

Organizational Structure





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Lessons from Top Performers

A Structured Approach to Sustainable, Continuous Change

Simplify Government		
1 Ideas	2 Implementation	3 Enfranchisement
<ul style="list-style-type: none">•Uncover internally-led creative solutions•Surface emerging ideas through private sector partners <p><u>Examples</u></p> <p>Build an agency branch office at 30% lower operating costs engineered to serve more customers per hour</p>	<ul style="list-style-type: none">•Establish a common language and methodology for consistent performance•Invest in training programs to support implementation <p><u>Examples</u></p> <p>Standardize “change management” tools distributed through “train the trainer” methodology</p>	<ul style="list-style-type: none">•Build the organizational will for change•Modify public policy to encourage agency leadership by sharing savings <p><u>Examples</u></p> <p>Allow agencies (and/or individuals) to share in any verifiable savings achieved through program</p>



Enfranchisement ~ Accountability and Incentives

Enfranchising Agency Executives in Productivity Initiative

Hardwiring Accountability *Management Scorecard*

Best Practice: Governor Kaine has adopted an existing best practice – the management scorecard for agency heads

Legend:
Meets Expectations
Progress Toward Expectations
Below Expectations
Results Unavailable/Not Applicable at this Time

Click column headers to align the criteria for that category.

Agency Name	Secretariat	Human Resources Management	Government Procurement	Financial Management	Technology	Performance Management	Environmental & Historic Resource Stewardship
Board of Accountancy	Commerce and Trade	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Commonwealth's Attorneys' Services Council	Public Safety	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Compensation Board	Administration	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Comprehensive Services for At-Risk Youth and Families	Health & Human Resources	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Council on Human Rights	Administration	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Department for the Aging	Health & Human Resources	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations
Department for the Blind and Vision Impaired	Health & Human Resources	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations	Meets Expectations

Outcomes: a key revision for Governor Kaine's scorecard is a focus on achieving performance measures

Aligning Incentives *Productivity Investment Fund*



Proposal In Brief

Summary: Create a financing vehicle that allows agency gainsharing on verified savings achieved through re-engineering initiatives (scored by DPB, Comptroller, Auditor)

Purpose: Encourage agencies to actively pursue productivity investments

Initial Capital: \$3M "Productivity Investment Fund"

Governance: The Fund shall be overseen by the **Enterprise Solutions Group** and ex-officio members including the Directors of **DPB, DHRM**, and the **CIO**



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Implementation ~ Typical Results Team

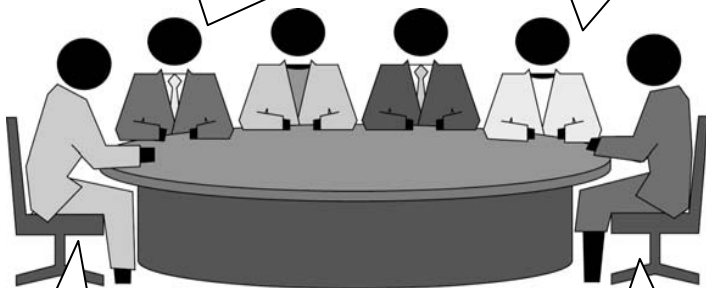
Assembling the Commonwealth's Performance Improvement Leaders

Results Teams

Typical Membership Composition

Agency Leadership: Under the supervision of the agency head, **FTE(s)** assigned to oversee team

ESG: One **FTE** assigned support analyst role



Private Sector:
Volunteers from leading high-productive firms participate in team brainstorming, offer guidance, tools

Fellows: Staff drawn from selected pool of **50** fellows (high potential agency employees); goal to encourage cross-agency creativity, leadership development

Change Management

Training Methodology

- Goal:** Help ID and develop future leaders; enhance capacity for agency-driven change
- “HIPO” Program:** Outline the requirements of a ‘next generation leadership’ development model (with **DHRM & VEI**)
- Best Practices Library:** Gather materials for ‘train-do’ programs and outline schedules:
 - Problem solving, analytics, and project management
 - Lean/Six Sigma
- Pilots:** identify high-potential candidates:
 - Continuous process improvement (Lean/Sigma)
 - IT solutions
 - Strategic change projects
- Training:** Conduct orientation and follow-on training rounds:
 - Assign project teams and mentors
 - Evaluate training and assess trainee progress

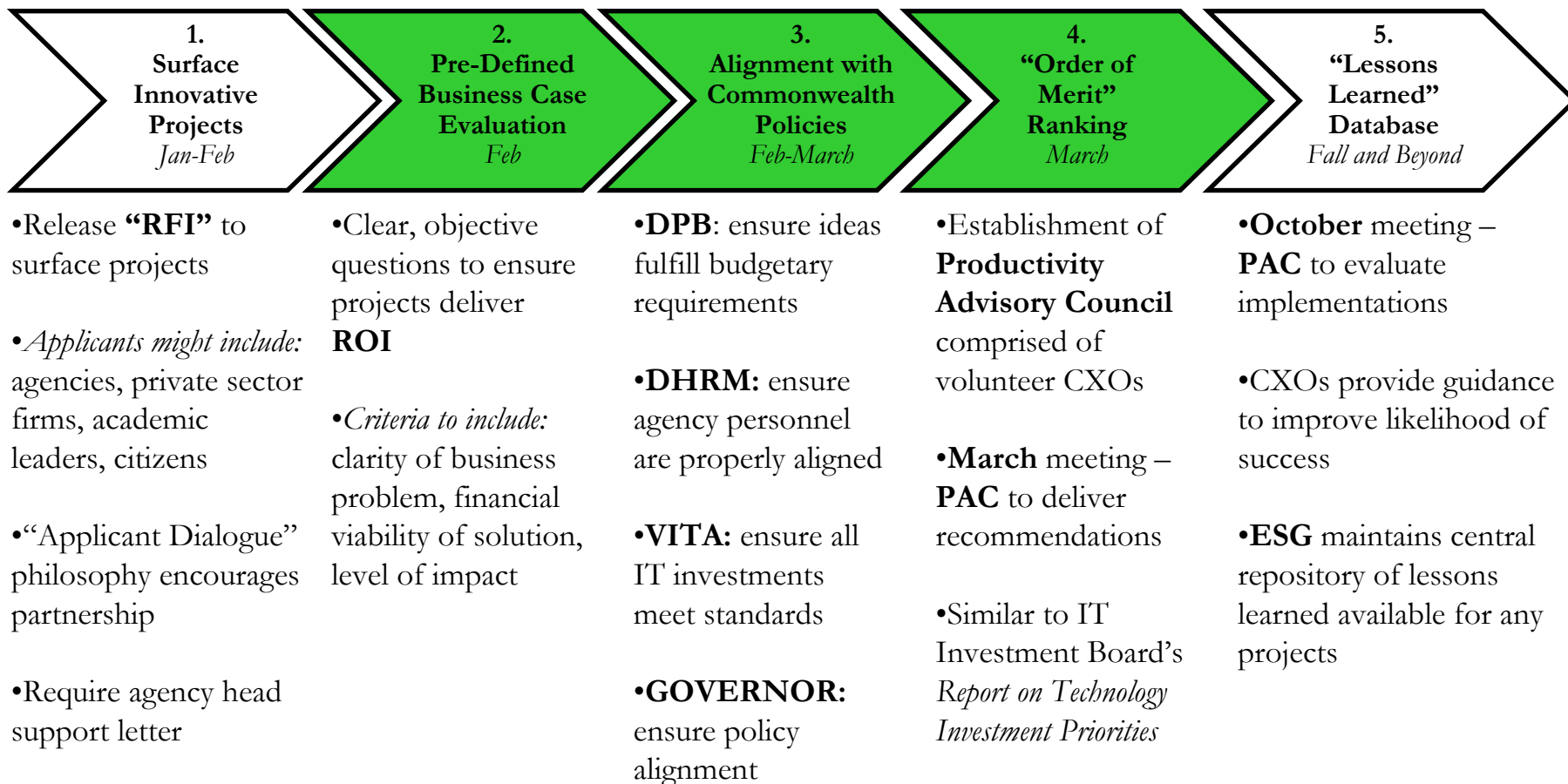


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Agency Re-Engineering ~ Productivity Investment Fund

A Structured Public-Private Approach to Ensure Results

Timeline to Surface, Select Productivity Projects



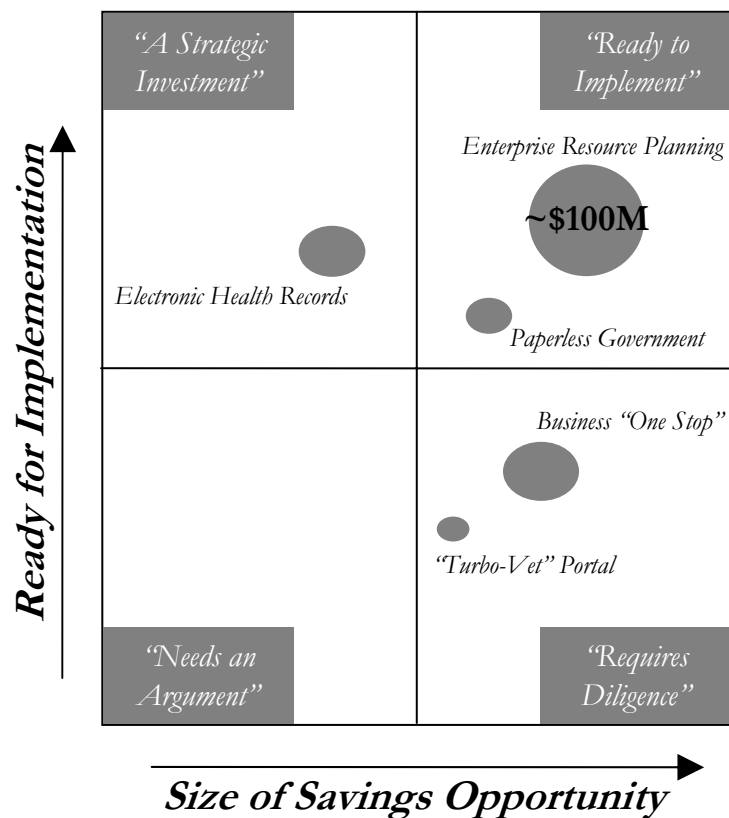


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Enterprise Re-Engineering ~ Investing in the “Business Case”

A “Long Gravel Road” to Implement Enterprise Initiatives

Mapping Enterprise Priorities
By Size of Implementation Cost



● Denotes Size of Investment Cost at Full Implementation

Driving Value Through Collaboration
Case Study ~ Electronic Health Records



Implementation Plan

Agency Participation: Department of Medical Assistance Services, Department of Health, Department of Mental Health, Department of Corrections, Department of Education, Department of Veterans Services, University of Virginia Health System, VCU Health System

Purpose: Pursue “Enterprise-wide” contract for multiple EMR vendors that ensures data interoperability, secures IT contract savings, and facilitates health cost savings

Enterprise Cost: \$~50K for multi-agency requirements

Agency Cost: ~\$10-20M based on Agency procurement needs, timeline (~2,000 state MDs @ \$10K per MD)



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Ideas ~ Initial Project Portfolio

“Seed” Capital to Narrow (Significant) Implementation Targets

Portfolio

\$350K

Governor’s Agenda ~ Enterprise Re-Engineering

#Enterprise Resource Planning – modernizing Virginia’s disparate “back-office” functions; *Champion: Sec. Wagner**

#“Turbo-Vet” Portal – an “all-agency” case management vehicle that maximizes service enrollment and streamlines service delivery for veterans; *Champion: Sec. Marshall*

#Business “One-Stop” Portal – a central transaction hub for entrepreneurs to expedite new business formation and regulation; *Champion: Sec. Gottschalk*

#“Paperless Government” – a framework to convert paper records into an automated workflow; *Champion: Sec. Bryant*

#Electronic Health Records – a multi-channel investment to encourage private sector adoption of electronic records; maximize public sector investments for state agencies; and coordinate a “master patient index”; *Champion: Sec. Tavenner*

\$3MM

Agency Re-Engineering

- 1 Initiate Request for Information (“RFI”)**
We intend to distribute an RFI for all agencies seeking to develop efficiency and effectiveness projects, to be judged on:
 - lower constituent transaction time
 - lower agency operating costs
 - advance agency key performance measures
- 2 Productivity Investment Fund**
The Group will review projects to properly distribute seed funds with special emphasis on a balanced portfolio (measured on risk/return basis)
- 3 Enterprise-Driven Project Teams**
Group will assign teams to support selected projects including staff from the lead agency, volunteers from the private sector, and “Fellows” from other agencies interested in the endeavor



Putting it Altogether

A Virginia Exemplar Engages Constituents in Electronic Permitting

A History of Innovation



Budget Constraints: DMME maintains service growth despite **21%** cut in FTEs since 1985

Executive Commitment to Reform: Agency leadership engage **40%** of FTEs in strategic planning process and invest **38.6** training hours per FTE

A National Model: DMME has earned the prestigious **US Senate Productivity & Quality Award** (1997, 2002) – akin to the Baldrige Award for quality

COVF Innovation: Replicate coal industry success for mineral mine operators leveraging **\$87,200** grant

Alignment with Strategic Plan

- Plan: encourage economic development through customer's management of Virginia's resources; goal to support efficient operations

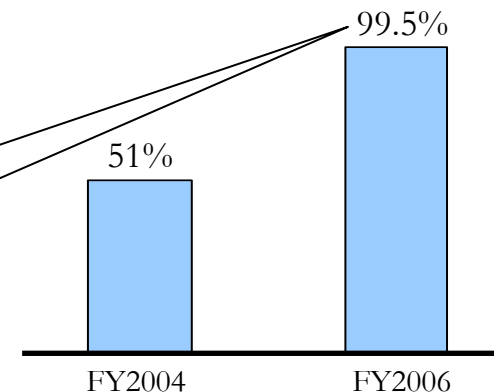
Customer-Driven Innovation

- DMME staff apply for productivity grant; immediately seek input from the mineral mining industry as a way to improve services and reduce the costs of regulatory compliance

Target Results

Permit costs 15% lower than next best state (OH)*

Coal Industry Permits
% Submitted Online





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Coda ~ Recovering a Lost Trust Through Improved Change Management

Success Measured by Greater Partnership on Government Operations

General Assembly: “There must be savings opportunities but I don’t believe the agencies are pushing hard enough to get them.”



Agency Heads: “What incentive do I have to cut costs? Success likely means a cut in my budget which jeopardizes our ability to serve our constituents.”

Citizens: “Does government have to be this complicated?”

Policy Office: “How can we deliver services more efficiently to allow for additional investments?”